

Message

From: Gallo, Madeline [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=530ABFD8905442C6A65A2D7C31E1CAA1-GALLO, MADE]
Sent: 11/12/2019 6:20:24 PM
To: David M. Metres [DMetres@bargcoffin.com]
Subject: Haystack - transfer of funds for homes

Dave:

I asked around about transferring funds for relocation of the Northeast Church Rock residents. The Army Corps was our contractor for relocation, and they handled it a couple of ways. Where there was a new house being built, sometimes the government directly contracted with the general contractor, and the Army Corps issued payments upon receipt of invoices. Sometimes the family directly contracted with the housing manufacturer, and in that case, the checks were made out to the family, and the Army Corps showed up to the contract signing with checks for the appropriate amount. The family would sign the contract and immediately sign the checks over to the housing manufacturer.

Where we purchased an existing home, the Army Corps met families at the title company with the appropriate checks made out to the family, which the family then signed over to the title company.

EPA's interpretation was that these were relocation expenses under the Uniform Relocation Assistance and Real Property Acquisition Act, of which Section 216 states that the relocation payments are not taxable income. Even so, we had one situation where there was a problem processing the documentation and it appeared to the IRS that the family did owe taxes on the new housing – it took some time for the Army Corps to straighten that out.

I honestly don't know what the tax implications are for relocations carried out by non-governmental, private entities under a federal agency's order. I would hope that it would be treated the same as a federal agency relocation, but I did a few basic searches and didn't easily find anything definitive. You may want to research that more thoroughly, even if you use the escrow account to transfer funds for the homes, since you'll also be providing moving expenses up front. It's possible that EPA headquarters might have additional information about this situation, but it could take a few days to get a response, and they would probably need to provide many disclaimers about not giving tax advice if they can provide any information.

Maddy

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